

December 8, 1958

To: Contracting Officer, SP-1915

JPS-G2.12

Subject: PROPOSED FINAL REVISED PRICE, SECTIONS A AND B

100-384

Amendment No. 2 established the tentative contract billing price of \$2,340,000 for the supplies and other work being furnished pursuant to subject contract.

Commencing 1 July 1958, supplies and work of the kind previously covered by Sections A and B of the work statement of subject contract are covered by Contracts SP-1917 and SP-1918.

Consequently, we hereby submit our final statement of costs and proposal for the final revised price, for Sections A and B of subject contract. Work under Section C is contemplated to continue, with a revised scope presently under consideration; so it is only practicable in that regard to establish a tentative billing price for all Section C work through 31 December 1958, reserving further pricing until some time after the revised scope becomes known. All work under Section C, therefore, is proposed to be the subject of its separate final price revision at a future date.

Our final statement of costs for Section A and B is submitted in Enclosure I. On the basis of such cost statement, and in consideration of the work performed, we propose a final revised price for Sections A and B in the amount of \$2,093,000.

For Section C we propose a tentative billing price, as of 31 December 1958, of \$900,000. Our statement of actual cost for Section C work, from inception through 2 November 1958, and our estimate of costs for November and December, is submitted in Enclosure II.

If the foregoing is acceptable, it is requested that an appropriate amendment be prepared, which would include the following principal points:

1. Final revised price for Sections A and B is \$2,093,000.
2. Tentative Billing Price for Section C is \$900,000, payable upon submission of invoice 31 December 1958 and such other evidence as Contracting Officer may require.

Yours very truly,



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Enclosure I

Case 1 #1
DPS-6213

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CONTRACT SP-1915SECTIONS A AND B
FINAL COST STATEMENT

Labor	\$ 795,379
Overhead (Net Rate)	551,813
Material	430,244
Contract and Administrative Expense (Net Rate)	<u>134,239</u>
Total Cost	\$1,911,675
Profit	<u>181,325</u>
Total Revised Price - Sections A and B	<u>\$2,093,000</u>

Pertinent Data:

The above costs include costs recorded per books to 2 November 1958, and a purchase commitment of \$6,553.00 to Garrett Corporation, Purchase Order No. 3641.

Overhead rates used in above costs:

1957 - Net Rate \$2.60708992 for Engineering
 3.336822327 for Factory
 .5760 for C. & A.

1958 - Net Rate \$2.7655 for Engineering
 3.9617 for Factory
 .8050 for C. & A.

<u>Direct Labor Hours</u>	<u>1957</u>	<u>1958</u>	<u>Total</u>
Engineering	73,483.8	110,780.1	184,263.9
Factory	<u>1,626.2</u>	<u>2,232.6</u>	<u>3,858.8</u>
Total	<u>75,110.0</u>	<u>113,012.7</u>	<u>188,122.7</u>

Enclosure II

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CONTRACT SP-1915SECTION CTENTATIVE BILLING PRICE FOR PERIOD, INCEPTION
OF WORK THROUGH 31 DECEMBER 1958

	<u>Recorded Costs to 2 November 1958</u>	<u>Estimated Costs Months of November and December 1958</u>	<u>Total</u>
Labor	\$369,682	\$ 75,800	\$445,482
Overhead (Net Rate)	209,042	41,576	250,618
Material	47,858	16,991	64,849
Contract and Administrative	<u>58,807</u>	<u>11,752</u>	<u>70,559</u>
Total Costs	<u>\$685,389</u>	<u>\$146,119</u>	<u>\$831,508</u>
Profit 9 1/2%			<u>78,993</u>
Total Estimated Price			\$910,501
Less: Reduction for conservatism in establishing a tentative billing price			<u>10,501</u>
Proposed Tentative Billing Price			<u>\$900,000</u>